

Learning From Other Liberal Democracies:
A comparative study of campaign finance in
Germany, Britain, and the United States

An Honors Thesis (POLS 404)

By

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A handwritten signature in black ink that reads "Dr. Gene Frankland". The signature is written in a cursive style with a large, stylized "G" and "F".

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Abstract

Comparative politics is a field of study aimed at finding the connections and differences among the states and governments across the world. Through comparative research better policies and practices can be learned and implemented. Campaign finance is a particular area of political research that focuses on the raising and spending of money by parties, individual candidates, and governments to pay for elections. This paper aims to find the similarities and differences between Germany, Britain, and the United States. Comparing the systems of campaign finance in place in these three countries will give insight into the strengths and weaknesses of each. There are problems with the current system of financing campaigns in the United States and solutions must be found. From the research gathered through comparison of these three countries prescriptions can be made towards solving the problems of the current system in place.

Introduction

The purpose of a comparative paper is to reveal similarities, differences, and most importantly in my opinion relevant influences between two or more subjects. In the world of politics, campaign finance is a well-known and much talked about subject in works such as *Campaign and Party Finance: What Americans Might Learn from Abroad* and *Comparing Liberal Democracies* by Arthur B. Gunlicks, *Parties heed (with caution): Public Knowledge of and Attitudes towards party finance in Britain* by Justin Fisher and Jennifer vanHeerde-Hudson, and *America the Possible: Manifesto for a new Economy* by James Gustave Speth. The United States over the next few decades will be facing many political pressures in this area.

Campaign costs are on the rise; the 2012 presidential election cost \$5.8 billion. Of that \$5.8 billion \$2.5 billion was for the presidential race, \$965 million was spent by parties, and \$1.8 billion was spent by Congress.¹ In the 2008 election more than 80 percent of donations to federal campaigns came from 1 percent of the population, and 60 percent of money given came from about 0.1 percent of the population.² The main difference between the 2008 and the 2012 elections were in outside spending. Outside spending is changing drastically because of a Supreme Court ruling in the *Citizens United v. Federal Election Commission (2010)* that struck down previous efforts to regulate spending in elections. The 2012 election was the first election cycle under the *Citizens United* ruling, and outside spending nearly doubled from \$268 million in 2008 to over half a billion in 2012.³ Many would argue that campaign costs are far too

¹ "The Money Behind The Election." OpenSecrets.org. <http://www.opensecrets.org/bigpicture/> (accessed May 2, 2013).

² "Donor Demographics." OpenSecrets.org. <http://www.opensecrets.org/overview/donordemographics.php> (accessed May 2, 2013).

³ "Donor Demographics", OpenSecrets.org

high, much higher in fact than in Western European democracies. Looking at American history and turning to the brilliant minds of today is an admirable way to find solutions for problems we may face and prevent more from arising, but I would rather look across the ocean to our European friends for some much needed insight. We are a relatively young nation with a very unique political system, but we are not alone. I believe that we should strive to learn what we can from the democracies around the world and not discount them as irrelevant to our own situations. In this paper I will be objectively comparing the means of financing elections, or campaign finance as it is commonly known in our country, of Germany, Britain, and the United States. From this comparison I will draw relevant conclusions and give prescriptions for where our system should be heading, and what we should be working to fix.

Chapter 1

Background

The term campaign finance is an American term for how candidates raise money to fund their election campaigns, but other countries use other terms because their elections are funded in different ways. I am covering more than just the financing of elections by candidates in the United States so to clarify exactly what it is I will be talking about I will refer to Gunlicks' explanation:

In North America, it generally refers to campaign finance for individual candidates, whereas it suggests party finance for both elections and routine organizational costs in Europe. The term might also incorporate the regulation of donations of money or contributions in kind to parties and candidates by individuals, groups, and various special interests.⁴

There are two distinct factors in political finance that I will be comparing between these three countries: the role of parties versus individuals, and the means of raising and spending funds. Before analyzing each country in depth, I will highlight a few main differences and similarities between each. In order to provide an accurate picture of where the money comes from, where it goes, and who spends it, it is necessary to clarify how these systems differ in financing elections. Comparing the current state of campaign finance in Germany, The United States, and Britain first requires an introduction to the differences between the political systems of these three countries. The two-party system in America goes back to the early days of US history, but

⁴ Gunlicks, Arthur. "Campaign and Party Finance: What Americans Might Learn from Abroad." *Comparative Politics* (1998): 129-130.

political parties are not mentioned in the constitution. The two-party system arose from a division between views by the founding fathers about how government should be run. Alexander Hamilton favored strong government and economic development. He was anti-France and pro-bank. Thomas Jefferson wanted a weak central government, was anti-bank, and was pro-France. This early divide in ideology led to the two different political parties. The reason that America stayed a two party system is because the laws in place inhibited the growth of a third party. In the single member district winner-takes-all system a third party may accumulate millions of votes across the state or come in 3rd or even 2nd in a district; however, they will get no representation because the winner takes all. This system leads to a mentality of the people to not “waste” votes on third parties that will not receive representation. This type of voting mentality is also referred to as tactical voting; that is, voting for one of the parties that is thought to be most likely the winner, or the lesser of two evils. The two party dominant system in America is very weak however. The party label is what voters recognize candidates by, and in order not to waste votes and money as well, the plurality goes to either the Republican or Democrat. However, it is not the party that is the focus but the candidate.

Britain uses a similar method of single member plurality known as “first-past-the-post” where the member of parliament (MP) with the highest number of votes in a district wins the seat and the party with the majority of MPs forms the government. Because of this system Britain is primarily a two party system with control of the government shifting between the Conservative and Labour Parties. At rare times these parties have had to rely on a third party in

order to form a working majority in Parliament.⁵ The most noticeable difference between the British and American political system is that British parties are much more influential in elections than candidates. Although the British, like the Americans, have not made public financing available to MPs, there are restrictions on spending as well as prohibitions on television airtime for candidates and parties.⁶ Germany typically has a working coalition government because while there are two large parties, there are also third parties that play crucial roles in coalition forming and are represented in government. The reason more parties are actors in government in Germany is because of their electoral system of proportional representation. In the Federal Republic of Germany the party's members in the Bundestag will be reflective of the votes received by each party. Unlike the American candidate-centered system, Germany has a party-centered system. The German election campaigns are financed and ruled by the party. The party structure and governance system heavily effect how political campaigns are financed. The US is a two party dominant system, with the focus being on individual candidates. Britain and Germany are more party-oriented systems, and less about individual candidates. With this small bit of necessary background information, I will now compare the financial and political aspects of the current systems through which campaigns are financed.

⁵ The 2010 election produced a "hung" parliament where there was no clear majority, and therefore the Conservative party formed a governing coalition with the Liberal Democrats.

⁶ Gunlicks, Arthur. *Campaign and Party Finance in North America and Western Europe*. Lincoln, NE: toExcel Press, 2000. (accessed May 2, 2013).

Chapter 2

Three Party Systems

The American party system is much different from its counterparts in European parliamentary democracies. American parties are relatively weak and disorganized. The parties are not the main actors of political mobilization as they are in Europe. In an American election anyone can run under a party label regardless of his or her beliefs. American parties have platforms that vaguely outline their ideology on how to run government and their core values. Anyone can run under a party label; however, to join a party whose platform is vastly different from the candidate's ideals makes little sense, so for the most part a party's platform describes to some extent most of the members.

A major difference between the United States and European systems is that in the United States there is no public funding available for parties or for candidates running in Congressional elections like there is in Germany. The only type of public funding federally available is for Presidential candidates⁷ and for political parties' costs for nomination conventions, but taking these matching funds then imposes a spending limit. The burden of elections and campaign finance therefore falls to the individual candidates. While American voters often stick to one of the major parties, it is the individual candidate that receives the focus, not the party, and with that focus comes the responsibility for raising campaign funds.

⁷ "Public funding of Presidential Elections." Federal Election Commission.
<http://www.fec.gov/pages/brochures/pubfund.shtml> (accessed May 2, 2013).

When a candidate runs for a seat in the United States Congress, they run under a party label, but also run an individual campaign. In order to win election, candidates must often raise quite significant sums of money, usually in the millions of dollars. There are three main ways that candidates raise funds for their campaigns: direct contributions from individual donors, direct contributions in the form of self-financing, and indirectly through contributions from political action committees (PACs).

Since World War II the governing party of Great Britain has either been formed by the Labour or Conservative party, except for the hung parliament of 2010. A party forms the government by having a majority of MPs in the House of Commons. MPs are chosen from each district in a single-member plurality system known as “first past-the-post”; like the “winner-takes-all” system of the United States, this leads to strengthening of the two major parties. However, unlike in the United States, the majority party in the House of Commons forms the British government, and therefore the legislative and executive powers are tied to the same party much like they are in Germany. Although Britain is a strong parliamentary system, it has not enacted any kind of public campaign finance reform approaching that which is in place in Germany, yet it has made some reforms that differentiate it from the United States. Great Britain is a good example of a country that has a mix of the benefits and flaws of both the United States and Germany in terms of political finance. Unlike the United States, the parties in Great Britain are very important and the majority of money spent on elections comes from the party. The strong party system is also a trademark of German politics. Unlike Germany and similarly to the United States, there is no public financing in Great Britain for elections or parties, and therefore parties must rely on donations and contributions and to a small extent

membership fees. With the strong party system in place, it is the parties in Britain that, much like the candidates' campaign funds in the United States, face scrutiny. Without public financing for parties, they rely heavily on different forms of contributions. Justin Fisher and Jennifer vanHeerde-Hudson list the traditional sources of income for parties as 46 percent from individuals, 21 percent from businesses and corporations, 30 percent from trade unions, and about 3 percent from other sources.⁸ Both the United States and Great Britain are facing rising campaign costs (although the total costs in Britain are dwarfed by the costs of US elections) but they have approached the problem in different ways. The United States, until the *Citizens United*⁹ ruling, had sought to limit how much money could be donated to campaigns, by whom donations could be made, and how the money could be spent. Great Britain has fought increasing election costs by limiting how much parties and candidates can spend during an election.

The German party system differs greatly from the United States'. According to the Library of Congress, "In Germany, the political parties are tightly run organizations that finance election campaigns, nominate candidates, exact membership dues from their members, and subject members in parliament to strict caucus rules."¹⁰ There are two parties that are traditionally the largest, the Christian Democrats (CDU/CSU) and the Social Democrats (SPD). Overall, there are five parties that have representation in the Bundestag. The CDU is the largest (including its Bavarian counterpart the CSU), the SPD, the Free Democratic Party (FDP), the Left,

⁸ vanHeerde-Hudson, Jennifer and Justin Fisher. "Parties heed (with caution): Public knowledge of and attitudes towards party finance in Britain." *Party Politics* (2011): 41-59.

⁹ *Citizens United v. Federal Election Commission* (2010)

¹⁰ Palmer, Edith. "Campaign Finance: Germany." *Law Library of Congress* (2009), www.loc.gov/law/help/campaign-finance/germany.php (accessed May 2, 2013).

and the Greens. The main reason that there are more parties in the lower parliamentary chamber is because of the proportional representation system. The percentage of members in the Bundestag is reflective of the percentage of the vote that each party receives. Because of the more diverse party system it is very common¹¹ for the Federal Republic to be led by a coalition government, something uncommon in Great Britain and impossible in the United States. Much in the way that the two-party system in the United States and Great Britain is reinforced by the “winner-take-all” and the “first-past-the-post” districts, the diverse party system is supported by the availability of public funds. Without the public finance option, smaller parties in the United States and Great Britain cannot raise enough money to become a political force because campaign and organizational costs are too high and tactical voting leads voters to shy away from “wasting votes” and money on parties that will not be represented. The threshold in the Federal Republic to receive public subsidies is very low, 0.5 percent of the national vote, but the majority of those subsidies, about 90 percent, goes to the five parties represented in parliament. As in Great Britain, German parties and candidates may not purchase radio or TV time during campaigns but are instead allotted slots within which to run ads. Also like in Great Britain, the “campaign season” is much shorter; usually around 6 months after elections are announced votes will be cast, while in Britain it is usually closer to a month. However, in the United States campaign season for the next election begins when the candidate is sworn in.¹²

¹¹ Since 1949 there has always been a coalition government, never a simple majority party government.

¹² Gunlicks, Arthur. *Comparing Liberal Democracies*. Bloomington, IN: iUniverse.com, 2011. (accessed May 2, 2013).

The fact is that the United States has a very different and distinct political system. There are many theories as to why it has evolved into what it is today. Ruth Jones' theory is that American federalism has weakened the national party system by putting control of election practices and regulations in the hands of the states.¹³ This would be one explanation for a more candidate-oriented election system and the lack of national party influence on state or even federal elections. Gunlick points out, however, that Germany is also a federal system, but it has much stronger parties and public financing for elections.¹⁴ Another factor could be the "winner-takes-all" plurality system mentioned earlier that puts the focus on individual candidates and therefore weakens national parties and their ability to enact reform. This effect is more pronounced, however, in the United States than it is in Britain where there is also a single-member district system with no public financing available for legislative candidates. One last explanation Gunlicks advances as to why the US has such weak parties and nonexistent public financing is that the presidential system allows Congress and the President to be of different parties, and there does not have to be strong ties between the executive and legislative branch. But as Gunlicks points out, the British have strong parties and a parliamentary system but little reform towards public financing for elections. It is hard to point to one reason and say that it is exactly why the American political system is the way it is because it is a combination of so many factors, but what can be done is to assess how this system has influenced the spending of political money and the areas of campaign finance reform.

¹³ Gunlicks 2000, p. 8

¹⁴ Gunlicks 2000, p. 8

Chapter 3

Raising and Spending Political Money

The most evident difference between the individual-centered campaigns of American politics and a more party-focused system is in the donors and recipients of campaign funds. The money donated by citizens to political campaigns is not donated to and then distributed by a party, but to an individual candidate's campaign fund. The following table shows the sources of donations in the 2010 midterm elections.¹⁵

	Small Individual Contributors	Large Individual Contributors	Political Action Committees	Self-Financing	Other
House Democrats	9%	47%	38%	3%	3%
House Republicans	14%	48%	24%	12%	3%
Senate Democrats	12%	53%	15%	12%	8%
Senate Republicans	18%	42%	12%	20%	8%

As the table shows, more than half of all Democrats' and Republicans' campaign funds came from individual donors. The next largest category of contributions was from political action committees (PACs). PACs receive their funding from donations by individuals, corporations, and unions. PACs, especially independent expenditure PACs, offer wealthy individuals ways of donating large amounts of money towards the victory or defeat of a particular candidate.

¹⁵ "Donor Demographics." OpenSecrets.org.
<http://www.opensecrets.org/overview/donordemographics.php> (accessed May 2, 2013).

The reliance on donations from individuals is apparent, but it can be misleading. The percentage of campaign, PAC, and party funds that are received from donations is not reflective of the percentage of the population that is donating. Herein lies the first problem that is facing the current system of campaign finance in America. It is not a unique problem to the United States, but it is perhaps the most evident. In the 2012, election out of a population of about 311 million, less than 0.4 percent of the population donated more than \$200 to political campaigns, PACs, and parties.¹⁶ However, the money donated by this 0.4 percent made up about 67 percent of all contributions received from individual donors.¹⁷ In total, less than 0.4 percent of the population donated about \$2.3 billion during the 2011-2012 election cycle. In the 2012 election, there were 1.26 million donors giving donations of \$200 or more to PACs and individual candidates¹⁸. Individual donors who gave only to individual candidates totaled 1.02 million. The 1.02 million donors contributed a total of \$1.9 billion, split \$1.04 billion to Republicans and \$850 million to Democrats. Of the 1.26 million donors, 156 thousand donated only to PACs a sum of \$160 million. In total, the 1.26 million donors donated a combined \$1.4 billion to Republicans, \$1.1 billion to Democrats, and \$327 million to PACs.¹⁹

Candidates raise funds primarily through individual donors, self-financing, and PACs. PACs are political action committees and they are a unique feature of the American political system. PACs come in different shapes and sizes. Traditionally there were multi-candidate and non multi-candidate PACs. Through legislation, there have been spending limits and fundraising limits on PACs put in place. In 1974 the Federal Elections Campaign Act defined how PACs could

¹⁶ "Donor Demographics." OpenSecrets.org.

¹⁷ "Donor Demographics." OpenSecrets.org.

¹⁸ "Donor Demographics." OpenSecrets.org.

¹⁹ "Donor Demographics." OpenSecrets.org.

operate and created the Federal Elections Commission to enforce campaign finance laws. Other notable cases that have influenced how PACs can raise and spend money are *Buckley v. Valeo* (1976) and *McConnell v. Federal Election Commission* (2003). However, the most important case influencing PACs and campaign finance was the *Citizens United* case. In 2010, the Supreme Court struck down previous legislation such as the McCain–Feingold Act and overruled previous case law including *Austin v. Michigan Chamber of Commerce* (1990) and partially overruled *McConnell v. Federal Election Commission* (2003). In the *Citizens United* case the Supreme Court ruled that the First Amendment prevents the government from restricting political independent expenditures by corporations, associations, or labor unions. This decision combined with the decision in *Speechnow.org v. Federal Election Commission* (2012) made it possible for the arrival of what are called “super PACs”.

Super PACs are independent expenditure PACs that can raise and spend unlimited amounts of money. Besides the large amount of donations coming from such a small percentage of the population and the influence and access to legislators that comes with the money, super PACs are the second problem with the current system of financing elections. Independent expenditure PACs cannot donate directly to a candidate’s campaign fund, nor can a candidate, the candidate’s party, or staff become associated or help coordinate funds, for then it would no longer be an independent expenditure. Candidates seem keen to press the limits of this issue, and some critics argue that in reality PACs are coordinating with candidates. President Barack Obama was critical of the *Citizens United* ruling saying that it would allow “special interests—including foreign companies—to spend without limit in our elections.”²⁰

²⁰ Shapiro, Ilya. “Citizens United and the 2012 Campaign.” CATO Institute.

However, President Obama announced in February 2012 that he will be working with the Priorities USA Action super PAC and that some of his staff will be speaking at their fundraisers. What super PACs can do is raise large amounts of money and run ads on television or radio expressly advocating for the defeat or support of a candidate. Super PACs became a powerful tool in the 2012 election because of advertising through television, radio, and other forms of mass communication.

The large amounts of money used to win an election, on average \$1.4 million for House candidates and \$9.8 million for Senate candidates,²¹ is spent on advertising and travel costs. Travel costs are large factor because of the long campaign season in the United States. Travel costs are naturally larger in the United States because the districts and states are larger geographically than in Europe; however, the amount of money spent on travel costs relative to the geographical size of districts is still much greater in the United States than in Europe. In Germany the campaign season is usually around six months, in Britain it is closer to a month, but in the United States campaign season is indefinite and continual. A main reason why campaign costs are so much higher in the United States than in Great Britain or Germany is because of paid advertising. In Britain and Germany paid advertising on television or radio by candidates or parties is prohibited. Instead parties are given a certain amount of airtime based on previous election results. The British do not spend nearly as much on elections as Americans and it is reflective of how campaign funds are raised and spent.

<http://www.cato.org/publications/commentary/citizens-united-2012-campaign> (accessed May 2, 2013).

²¹ Speth, James. *America the Possible: Manifesto for a new Economy*. New Haven, CT: Yale University Press, 2012. (accessed May 2, 2013).

Elections in Britain are much different than in the United States. British parliament candidates and parties raise and spend funds very differently. Individual candidates may raise and spend money on their own behalf; however, the majority of funding for candidates' campaigns comes from the party. In the United States there is no limit to how much an individual may spend during their campaign, but in Britain there are strict spending limits meant to combat the ability to buy legislative or governmental favor. In the United States there are limits on how much can be donated directly to parties and candidates; in Britain there is no limit. Parties in Britain raise funds from individuals, businesses, trade unions, and other sources. On average British political parties receive 46 percent of their funding from individual donors, 30 percent from trade unions, and about 20 percent from businesses.²² The Tories rely heavily on memberships dues and donations from individuals and business. The Labour party also relies on membership fees and donations, but receives a large amount of its funds from trade unions. There is no limit on donation amounts from permissible donors. Permissible donors are defined as, "an individual registered on a UK electoral register, a UK registered political party, a UK registered company, a UK registered company, a UK registered trade union, etc."²³ However, any donation must be reported to the Electoral Commission. There is, however, a limit on spending during elections. The maximum a candidate can donate to their own campaign is €600. The limit that can be spent by a candidate's campaign is a fixed number, €7,150 in the 2005 election, plus a percentage more based on the number of electors in a district, €. 05 in a borough and €. 07 in a

²² vanHeerde-Hudson, Jennifer and Justin Fisher. "Parties heed (with caution): Public knowledge of and attitudes towards party finance in Britain." *Party Politics* (2011): 41-59.

²³ Feikert, Clare. "Campaign Finance: The United Kingdom." *Law Library of Congress* (2009), [www. loc.gov/law/help/campaign-finance/uk.php](http://www.loc.gov/law/help/campaign-finance/uk.php) (accessed May 2, 2013).

county.²⁴ The Electoral Commission reported that on average an electoral candidate in the 2005 election spent €4,000 or approximately \$5,600, compared with an average of \$1.4 million in the average US House race!²⁵ At the national level parties are limited to spending €30,000 per constituency contested, or approximately €19 million. In the 2005 election the Conservative party spent €17.85 million and the Labour party spent €17.94 million, approximately \$25 million, compared to the \$1.4 billion given to Republicans and \$1.1 billion given to Democrats by large individual donors alone during the 2012 election. Public funds for political parties are not available in the US except for the option of matching funds for presidential primaries, although accepting these funds then imposes a spending limit. In Britain there are public funds that are available, but they are only given to the opposition party in parliament, and they only cover administrative costs. In Germany public funds are available for all parties with at least 0.5 percent of the national vote. Combined with a proportional representation electoral system there are more parties, and smaller parties, that can thrive and influence government. These parties and their candidates raise and spend money in ways different from either the United States or Britain.

Unlike the United States Constitution that has no mention of political parties, the German Basic Law specifically defines the existence and roles of political parties in article 21, “The political parties shall take part in forming the political will of the people. They may be freely established. Their internal organization must conform to democratic principle. They must publically account for the sources of their funds”. German political parties, like British political parties, are the main actors in federal elections, but unlike British political parties

²⁴ vanHeerde-Hudson 2011 p. 1

²⁵ vanHeerde-Hudson 2011 p. 2

German parties receive funding from the government. Public funding is given to all parties that earn 0.5 percent of the national vote in a federal election or 1 percent of the vote in a state election.²⁶ The annual maximum amount that is given to parties is €133 million. In a district voters cast two ballots, the first ballot is a list of individual candidates running in a district and the second is for a state-wide party list. Parties receive €0.85 for each of their first four million votes obtained in an election and €0.7 for each vote after, the votes cast for the state-wide party list counts towards the disbursement of these funds. Aside from funds based on votes, parties also receive matching funds of €0.38 for every euro donated up to donations of €3,300.

Because there is not public funding available nationally for American parties or candidates they must rely on donations, however, there is little incentive for people to donate. In Germany donations are rewarded by allowing an annual tax deduction of up to €1,500 on donations made by an individual, or a €825 tax credit.²⁷ In Germany there is no limit to how much money can be donated by corporations to political parties, something that is heavily regulated in the US although PACs and super PACs are finding ways around that. In Germany however there are strict prohibitions that do not allow donations by charitable organizations, trade unions, or professional, industrial, or commercial organizations. In Britain donations from labor unions are a main source of income for the Labour party, something not allowed under the Basic Law in Germany. This is just one of the many differences in the systems of campaign finance in Germany, the United States, and Britain.

²⁶ Palmer, Edith. "Campaign Finance: Germany." *Law Library of Congress* (2009), www.loc.gov/law/help/campaign-finance/germany.php (accessed May 2, 2013).

²⁷ Palmer 2009

The German, American, and British systems of campaign finance vary greatly, yet they have some similarities as well. More important than their similarities or differences though, as I mentioned earlier, is their influence on each other. Germany has a very different approach to public financing than do the United States and Britain, and that means that they have different laws and procedures in place, but it does not mean that they might not also have faced some of the same problems with their system as either the United States or Britain, for example: secret party bank accounts that were kept secret by former German Chancellor Helmut Kohl,²⁸ or how former Prime Minister Tony Blair was accused of making corporate donors Lords.²⁹ I believe that there are problems with the current system of campaign finance in the United States: the high costs of elections, the large influence of special interests, and the proliferation of super PACs and their wealthy anonymous donors. I think that reform is needed and that we could learn from the problems that Britain and Germany have tried to tackle, and the success of certain parts of their systems.

²⁸ Karacs, Imre. "KOHL SCANDAL: Europe's old master admits he ran secret slush funds." The Independent. <http://www.independent.co.uk/news/world/kohl-scandal-europes-old-master-admits-he-ran-secret-slush-funds-1124613.html> (accessed May 2, 2013).


²⁹ Mendick, Robert, & Ensor, Josie. "Inside the intriguing world of Tony Blair Incorporated." The Telegraph. <http://www.telegraph.co.uk/news/politics/tony-blair/9015294/Inside-the-intriguing-world-of-Tony-Blair-Incorporated.html> (accessed May 2, 2013).

Chapter 4

What Can We Learn From Other Liberal Democracies?

What are some parts of the German and British systems that we could benefit from exploring in our country? First I would identify key areas where our current system is in need of help and then explore possible solutions that could be borrowed and implemented here. It is unlikely that our country will ever radically overhaul the election system giving way to multiple parties like that of Germany, nor will we likely see a move to a parliamentary system like that of Britain, but there are some reasonable solutions to a few of our problems that with public support could become realistic goals.

High campaign costs are an understatement, the average winner of a seat in the House spent \$1.4 million and the average spent by Senate winners was \$9.8 million. A large amount of money from campaign funds is spent on advertising through television and radio. Germany and Britain have laws in place that prevent candidates or parties from purchasing advertisements. Germany has similar rights to free speech as given by the 1st Amendment in the United States Constitution, and their laws against paid advertising are enforced without any negative feedback about violations of freedom of speech. If broadcasting companies in the United States were required to allot a certain amount of time for political advertisements in each district and purchasing time by candidates or parties was prohibited then the costs of campaigning would be drastically reduced, but so would the profits by media corporations. This would also possibly allow smaller party's candidates that cannot often raise enough funds to purchase airtime a chance to gain recognition within a district. However, because of the



individual focus on candidates rather than parties, as is common in European democracies like Germany and Britain, it might be difficult to convince the public to altogether abolish the purchase of air time by candidates. It would be difficult to administer such a ban, and that is why I believe that a petition system be used. I think that Germany and Britain have the right idea when it comes to cutting election costs by banning the purchase of media time, and in order to fight the high campaign costs in the United States we should strive to implement a similar system.

Much like how parties receive air time proportional to the percentage of the vote that they received in the last election in Britain, I think that within a district an incumbent should be allotted a given amount of time for advertisements endorsing his campaign, and that based on the numbers of signatures a challenger can receive from prospective voters s/he can petition for a certain amount of publically provided air time as well. This system will minimize the lost revenue for television and radio stations and create an efficient yet competitive market for political ads that will no longer rely on money but on constituents, which is in my opinion a more democratic option then the system currently in place. What will be hard to change is the ability of PACs and super PACs to purchase media time because under the Citizens United ruling purchasing air time by independent expenditure PACs is a form of political speech protected by the first amendment. Since independent expenditure PACs are supposedly not directly connected with a candidate or party, they would not be subject to the same laws. The question is then how can the influence of PACs be lessened in our current system and the answer is through limiting how much they can give candidates and targeting their money supply. This raises the question, however, of how then will candidates raise money necessary to campaign

in a country with such high campaign costs? I believe that Germany has a solution to that problem that we should strive to implement here.

In Germany citizens can receive tax write offs for party dues and donations. In the United States there is no economic incentive to donate to campaigns. The only currently available option is a \$3 federal tax check that goes towards presidential elections, however only around 15 percent of taxpayers check the appropriate boxes in light of the fact that it costs them next to nothing.³⁰ If there were a system in place that would make political donations to parties or candidates tax deductible up to a modest amount of \$200 that would lessen the need for fundraising PACs to supply money to candidates. More citizens donating to parties rather than PACs would help to reduce the proliferation of “dark money”. Dark money is money that is donated to PACs that have 501(c) status and are therefore not required to disclose their donors. Because this type of “soft money” to parties could be better regulated it would help lower campaign costs, encourage parties to become more active participants in elections, and take away the ability of special interests to influence elections through large donations to PACs.

In Germany, and to some extent Britain, there is a public opinion that political parties are becoming too state dependent, and that large parties are becoming too much like cartels, and moving away from the grassroots. I do not believe that I am advocating such a shift in our system. Americans in general hold more cynical views towards government and political parties than do most other liberal democracies. I do not believe that we will ever have a system where the parties and candidates are heavily dependent on the state, but I believe that we are rapidly heading towards a movement away from grassroots nonetheless. I believe that our concern

³⁰ Lofgren, Mike. *The Party is Over*. New York, NY: Viking Adult, 2012. (accessed May 2, 2013).

should be that our current system is racing towards dependence on business, wealth, and special interests, and less on the will of the individual voter. Indeed the voters have recently begun to voice their displeasure with the current system and where it is heading. In San Francisco 80 percent of voters backed a Common Cause endorsed proposal to overturn *Citizens United*, and despite media pundits arguing the opposite direction so did 60 percent of voters in conservative Pueblo, Colorado.³¹ According to John Nichols:

Eleven states have moved legislatively or at the polls to call for a constitutional amendment, with Colorado and Montana both voting on November 6th, by roughly 75 to 25 percent margins, to urge their congressional delegations to propose and support an amendment that allows Congress and the states to limit campaign contributions and spending³²

Our current system is not perfect, and obviously there is room for improvement, but now more than ever in light of the *Citizens United* case and the most expensive election in history in 2012 the public is calling for reform on a large and more organized scale than perhaps ever before. The United States often has a divided government with the different Houses of Congress and the President being from different political parties. The United States cannot wait for a time to come where one party controls the Houses of Congress and the Presidency to enact reform measures. The movement to change the current system must come from the people. As the German Constitution states political parties are supposed to be formed from the will of the people and any party that, "by reason of their aims or behavior of their adherents, seek to

³¹ Nichols, John. "The Election Reform Movement." *The Nation* Feb (2013): 24-26.

³² Nichols, John. "The Election Reform Movement." *The Nation* Feb (2013): 24-26.

impair or abolish the free democratic basic order or to endanger the existence of the Federal Republic of Germany, shall be deemed unconstitutional.” The candidates running for political office in the United States represent the will of the people and should be subject to the people’s judgment. The current system of campaign finance in the United States is heading away from the will of the people, and it is impairing the democratic basic order. With the public behind reform measures, now is the appropriate time to explore options from abroad that might not have otherwise been thought possible that could help the current state of affairs, for surely it will not make anything worse.

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